

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

REMOVAL OF RESTRICTIONS AND)	
LIMITATIONS OF SALES OF NATURAL)	CASE NO. 89-009
GAS BY WESTERN KENTUCKY GAS COMPANY)	

O R D E R

On January 11, 1989, Western Kentucky Gas Company ("Western"), by counsel, filed its notice requesting the permanent removal of restrictions and limitations on the sale of natural gas and permanently cancelling Tariff Sheets PSC No. 19, Original Sheets Nos. 18, 26, 27, and 28. The Commission notes that it has previously granted a suspension of such restrictions twice, most recently in Case No. 8895,¹ whereby restrictions and limitations on the sale of natural gas were terminated for a period of 3 years. The purpose in terminating these restrictions and limitations for a 3-year period was to provide the Commission sufficient time in which to assess the changing energy picture and determine whether further extensions would be justified. In each of these instances, Western's request to cancel certain tariff provisions relating to curtailment priorities was denied.

The Order in Case No. 8895 was entered on January 14, 1986. Since that time the natural gas supply market has continued to

¹ Case No. 8895, Removal of Restrictions and Limitations of Sales of Natural Gas by Western Kentucky Gas Company.

evolve and change. Local distribution companies such as Western have greater access to potential supplies of gas and more flexibility in determining their optimum system supply mix. In its application Western also states that for the past 5 years it has operated without the need for any restrictions or limitations on the sale of natural gas. Western further states its suppliers have been able to meet existing requirements, and Western and its customers have benefited from the availability of transportation services offered by pipeline suppliers.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that due to the current and foreseeable gas supply situation the restrictions and limitations on the sale of natural gas should be permanently removed. However, the curtailment priorities should remain in Western's tariff schedules. Such provisions are implemented only when certain clearly defined situations exist. At other times, however, these curtailment priorities will not restrict or limit Western's ability to sell or market gas.

IT IS THEREFORE ORDERED that:

1. The application of Western requesting the permanent removal of restrictions and limitations on the sale of natural gas be and it hereby is approved.

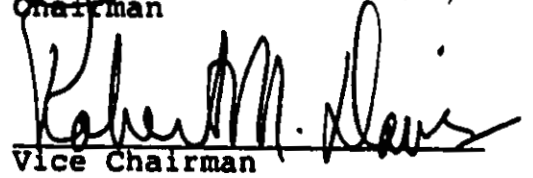
2. Western's request for permanent cancellation of curtailment priorities is denied, and they shall remain in effect.

3. Within 20 days from the date of this Order, Western shall file with this Commission any revised tariff sheets required to comply with the Orders herein.

Done at Frankfort, Kentucky, this 23rd day of March, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director